

**Remarks by Thomas C. Dorr  
Under Secretary for Rural Development**

**Farm Bill Energy Title Stakeholders Meeting  
Washington, DC**

**Tuesday, December 3, 2002**

(As Prepared for Delivery)

**Thanks Bob.**

**(SLIDE ONE WILL BE ON SCREEN AT THE BEGINNING  
OF REMARKS)**

**As a farmer from Iowa, I have seen first hand how renewable energy has had major economic benefits for rural America – and the farming way of life. These renewable include ethanol, biodiesel, wind, solar and many just emerging technologies.**

**There is no question that energy is a vital and important part of the future for agriculture and rural America.**

**I assure you that USDA's Rural Development is firmly committed to working with producers, cooperatives, and businesses to help them develop the business opportunities and plans to secure the financing they need in the development of renewable energy ventures.**

**In the last two years, Rural Development has financed 73 loans and grants in 25 states totaling \$45 million to fund biobased and bioenergy related businesses. This is a step in fulfilling the objectives of President Bush's energy plan.**

**(SLIDE TWO)\_**

**Today's meeting is part of a significant new collaborative effort between agencies within USDA involving (Rural Development, Farm Services Agency, and Natural Resource Conservation Service) and intergovernmentally with the Department of Energy, Environmental Protection Agency and others. For me and others it is refreshing and encouraging to see this level of collaboration and cooperation.**

**This is a good team and one that is committed to working to speed the review and approval processes needed to more rapidly develop bioenergy throughout the country. I appreciate everyone who is here today serving as a panelist or support staff for your dedication and the fine representation you provide.**

**But we also need to look at other ways government can facilitate and encourage expanded use and production of renewable fuels and energy. Tax incentives, tax exemptions, utility credits or other innovative ways we can spur this emerging industry need to be explored.**

**We need also to be looking at the regulatory environment. Are there ways to develop regulations and rules, which acknowledge the myriad of pricing regulators, and yet can be utilized to encourage this growth. For example, how can we exploit the opportunities inherent in renewable short grid distributive energy generation systems – without creating too many artificial incentives or disincentives.**

**This is a time of enormous transformation in American agriculture. We need to be bold in recognizing – and capitalizing on – new opportunities. Energy is unquestionably one of those areas that presents enormous opportunities for economic gains and ultimately an improved quality of life.**

**Our challenge is to see the potential, understand the value, and take the risks to turn these opportunities into progress and economic growth.**

**And this brings me to the purpose of today’s meeting.**

**(SLIDE THREE)**

**The Farm Security and Rural Investment Act of 2002 (Farm Bill) included for the first time an energy title which focuses on renewable energy systems and energy efficiency improvements.**

**(SLIDE FOUR)**

**We will focus today on Section 9006 which “Establishes a grant, loan, and loan guarantee program to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable systems and for making energy efficiency improvements.”**

**(SLIDE FIVE)**

**The provision provides funding from 2003 through 2007 at \$23 million per year. Of course that could be potentially higher, depending on the how much of the funding is utilized for grants versus loans/loan guarantees.**

**(SLIDE SIX)**

**There are two primary provisions that you should keep in mind. First, the grant amount is not to exceed 25 percent of the activity being funded. And, Second, the combined loan/grant funds are not to exceed 50 percent of the cost of the activity being funded.**

**(SLIDE SEVEN)**

**The law also identified six areas to be considered when making renewable energy system loans/grants. They are:**

- Type of system to be purchased**
- Estimated quantity of energy to be generated**
- Environmental benefits of system**
- Extent of system replication**
- Expected energy savings**
- Estimated length of time for energy savings to equal cost**

**Determining the grant or loan amount, and general perimeters for what should be accomplished were outlined in the statute. What hasn't been done, and the reason for seeking your input today, is how will USDA Rural Development implement Section 9006.**

**(SLIDE EIGHT)**

**In announcing this meeting, we identified seven specific questions where we hope to gain your insight and advice. They are as follows:**

- 1. What projects should be eligible for funding?**
- 2. Should certain types of projects receive priority for funding?**
- 3. Should preference be given to new, innovative technologies or proven technologies?**
- 4. What type of financial assistance is most in need (i.e., grants, direct loans, or loan guarantees)?**

**(SLIDE NINE)**

- 5. What other factors, if any, should the Department consider in determining the amount of a grant or loan?**
- 6. Should certain types of projects or geographic areas be targeted and given preference for financial assistance?**
- 7. What other various sources of program matching funds are available (i.e., other Federal, State, local, or private programs)?**

## **CLOSING**

**So it is important today that we obtain your input in addressing these questions. Any additional ideas that you may wish to share with us will be very helpful. As I said at the beginning of this meeting, this is an exciting time in rural America. By working together, we hope to increase economic opportunities and improve the quality of life. We will create a stronger rural economy and a country less dependent of imported energy supplies.**

**At this time I am going to turn it over to you, Bob for announcements and introduction of our panel.**

**Thank you very much.**